



## MEMORANDUM

**To:** Electric Utility Commission Members  
**From:** Byron E. Johnson, C.P.M. Purchasing Officer  
**Date:** July 18, 2011  
**Subject:** Fleet Light Duty Hybrid Vehicle Purchase, July 28, 2011 City Council Agenda

This year, a decision was made to conduct an analysis of the cost to the City to acquire vehicles via Cooperative contracting versus the cost to acquire vehicles by bidding from vendors including, but not limited to local vendors. I directed that analysis several months ago.

The City's requirement for Light Duty (Hybrid) vehicles was selected for the comparison. An Invitation For Bid – Best Value (IFBBV) solicitation was issued. In a best value solicitation, the City takes price and other factors into account in developing the recommendation for award. It incorporated evaluation criteria which awarded points to vendors based in the Austin metro area (facility location and number of persons employed).

Separately, prices were requested from available cooperative sources. The results of the comparison were clear: the bid price from a local supplier is substantially higher than the price from the cooperative.

For the same specification and quantities, Leif Johnson Ford, doing business as Ford Truck City, offered a price of \$984,810.00; between \$700 and \$900 higher per vehicle than available through the cooperative. Philpott Ford, Nederland, Texas, as the dealer for the BuyBoard Cooperative, offered a total price of \$958,944.50, a total savings of \$25,865.50.

Austin Energy's share of the overall procurement is four (4) vehicles at a total of \$111,247.25, which is a savings of \$3,238.75 from the best value bid prices. Those vehicles are listed in the body of the Recommendation For Council Action as follows: a) one (1) Ford Escape 4x2; b) two (2) Ford Escape 4x4; and c) one (1) Ford Fusion Sedan.

There was no opportunity for M/WBE participation in either offer, which is consistent with a dealership providing all necessary services.

Warranty operations do not influence the acquisition decision. While the City procures vehicles from the dealer representing the cooperative, the City procures warranty service locally based on what dealership can best deal with the warranty issue – and in some cases, the City performs its own warranty work and charges the manufacturer.

The impact to the local economy is minimal, as the dealership pays for the vehicles directly to a bank or finance entity of the manufacturer's financing subsidiary. Very small amounts of work, mainly

“make ready” is done on the vehicles by a dealership, so the labor component and affect to local works and the economy is very minimal.